

Message Text

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 6764

INFO AMCONSUL MUNICH

C O N F I D E N T I A L BUCHAREST 3867

E.O. 11652: XGDS-1

TAGS: PINT RO

SUBJ: DEATH PENALTY IN FOREIGN TRADE KICKBACK CASE

1. UNDER HEADLINE "MAXIMUM PUNISHMENT FOR UNDERMINING NATIONAL ECONOMY," SCINTEIA OCTOBER 23 ANNOUNCED EXECUTION OF ION TUDORA, OFFICE CHIEF AT IMAGREX AGRICULTURAL MACHINERY IMPORT-EXPORT COMPANY. SHORT ARTICLE CLAIMED TUDORA RECEIVED "MONEY AND OBJECTS" VALUED AT MORE THAN TWO MILLION LEI (APPROXIMATELY 140,000 US DOLLARS) IN RETURN FOR FAVORITISM IN CONTRACT AWARDS TO "CERTAIN FOREIGN FIRMS." COST TO ROMANIAN ECONOMY ALLEGEDLY FOUR MILLION LEI.

2. ACCORDING TO ROMANIAN SOURCE WHO FORMERLY WORKED FOR TUDORA FOR SEVERAL YEARS, FRIENDS AT ENTERPRISE SAY POLICE CAUGHT HIM REDHANDED IN ACT OF TAKING BRIBE FROM WEST GERMAN BUSINESSMAN. AUTHORITIES THEN VIRTUALLY SHUT DOWN EXPORT COMPANY FOR SOME WEEKS TO CONDUCT THOROUGH INVESTIGATION AND AUDIT. TUDORA WAS REPORTEDLY HEAD OF COMPANY'S TRADE UNION COMMITTEE AND STRONG MEMBER OF PARTY COMMITTEE. SOURCE FINDS SEVERITY OF PENALTY DISQUIETING, SINCE SIZE OF CONTRACTS NORMALLY HANDLED BY IMAGRES NOT SO LARGE AS TO PROVIDE CHANCE FOR LARGE-SCALE GRAFT, AND SUSPECTS THERE IS
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MORE TO CASE THAN MEETS EYE.

3. COMMENT: DEATH SENTENCE FOR CORRUPTION IN ROMANIAN FOREIGN TRADE HAS NO RECENT PRECEDENT, TO EMBASSY'S KNOWLEDGE, ALTHOUGH NON-CAPITAL PUNISHMENT HAS BEEN USED IN PREVIOUS SCANDALS AND AT LEAST ONE EXECUTION FOR DOMESTIC EMBEZZLEMENT IS ON RECORD, IN 1971. WHILE THERE HAS BEEN NO RECENT PUBLIC MEDIA CAMPAIGN AGAINST SHADY FOREIGN TRADE DEALINGS, CASE OF TUDORA IS PROBABLY NOT AN ISOLATED INCIDENT IN ROMANIA'S EXPANDING TRADE PICTURE, WHERE INFLUENCE PEDDLING MUST BE TEMPTING TO GOV. OFFICIALS, ALL THE MORE BECAUSE OF ROMANIAN DOMESTIC AUSTERITY.

4. IN THIS CONNECTION, TEAM OF VISITING AMERICAN BUSINESSMEN RECENTLY ENCOUNTERED INFLUENCE PEDDLER. THE TEAM, REPRESENTING AMERICAN MANUFACTURER OF MACHINE TOOL PRODUCTS, WAS NEGOTIATING WITH AN IMPORTEXPORT FOR SALE OF FACTORY AND RELATED TECHNOLOGY IN AREA OF 8-10 MILLION DOLLARS. WITHIN TWO HOURS OF THEIR HAVING MADE DETAILED OFFER TO UZINIMPORT-EXPORT, TEAM MEMBERS WERE CONTACTED BY MYSTERIOUS INDIVIDUAL WHO CLAIMED TO BE AUSTRIAN REPRESENTING CERTAIN GERMAN BUSINESS INTERESTS. AFTER REPEATING TO AMERICANS EXACT TERMS THEY HAD JUST OFFERED TO ROMANIA IN ORDER TO ESTABLISH HIS BONA FIDES, HE THEN OFFERED TO GUARANTEE SUCCESS OF THEIR BID OVER THAT OF ALL COMPETITORS IN EXCHANGE FOR 3 PERCENT OF TOTAL VALUE OF CONTRACT, PRESUMABLY TO BE PAID IN HARD CURRENCY IN WESTERN BANK. THE AMERICANS WISELY REFUSED TO HAVE ANY FURTHER DEALINGS WITH INDIVIDUAL AND SUBSEQUENTLY REPORTED INCIDENT TO THE IMPORTEXPORT OFFICIALS.
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